

FISCAL NOTE

HB 628 - SB 988

April 9, 2001

SUMMARY OF BILL:

- Increases the membership of the Nursing Home Administrators Board from eight to ten and increases the number of consumer members from one to five.
- Increases the membership of the Board for Licensing Health Care Facilities from twenty to thirty-five. Eighteen of the board members are to be consumer representatives with no financial interest in a healthcare industry or profession.
- Requires the Department of Health to increase by fifty percent the resources committed to the inspection and regulation of nursing homes and to maintain the increase in future years. The department is to levy a surcharge on nursing homes to fund the increase in resources.
- Requires that reimbursable allowable costs of nursing homes shall not include any dues to a trade association except for educational programs.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures \$1,802,730 Recurring
\$324,600 One-Time
\$500,120/TennCare Recurring
\$ 90,100/TennCare One-Time

Increase State Revenues - \$2,127,330 First Year
\$1,802,730 Second Year

Other Fiscal Impact - Increase Federal Expenditures -
\$851,550/TennCare Recurring
\$153,375/TennCare One-Time

Estimate assumes:

- an increase of 46 positions and related expenses in the Department of Health to meet the mandated 50% increase in regulatory resources. Currently 92 staff members are dedicated to nursing home inspections.
- the surcharge required to fund the increase in resources will be set to cover all direct expenses of the Department of Health. The surcharge on 39,134 licensed nursing home beds will be approximately \$54.35 per bed in the first year and \$46 the second year and thereafter.

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- approximately 75% of the expense will be passed on to TennCare since 75% of nursing home beds are Medicaid funded. Federal funds will pay for approximately 63% of that amount.
- an increase in expenses and revenues to the Board of Nursing Home Administrators. The board is required by statute to be self-sufficient.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director